

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 100919
ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 TRSE-00 SP-02 USIA-06 AID-05
NSC-05 EPG-02 SS-15 STR-04 OMB-01 CEA-01 COME-00
L-03 CIAE-00 INR-07 NSAE-00 /069 R

DRAFTED BY EB/IFD/OMA: B G CROWE
APPROVED BY EB/IFD/OMA: C C CUNDIFF
AA/ASIA: M ADLER
TREAS: W MCFADDEN (SUBS)
NEA/PAB: J MULLIGAN
-----041840Z 127475 /46
R 041436Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY ISLAMABAD

LIMITED OFFICIAL USE STATE 100919

E.O. 11652: N/A

TAGS: EFIN, PK

SUBJECT: PAKISTAN CONSORTIUM AND THE DEBT ISSUE

1. THE WORLD BANK CONVENED A HEADS OF DELEGATION MEETING OF THE PAKISTAN CONSORTIUM ON APRIL 28 TO DISCUSS DEBT. THE FOCUS WAS ON BOTH CONTINUED IMPLEMENTATION OF THE 1974 DEBT RELIEF AGREEMENT AND ON TREATMENT OF DEBT IN THE FUTURE.

2. THE IBRD CALCULATED THAT CREDITORS WILL NEED TO RE-SCHEDULE APPROXIMATELY 57.4 PERCENT OF 1977/78 DEBT SERVICE ON DEBT INCURRED PRIOR TO 7/1/73 IN ORDER TO COMPLY WITH THE 1974 MEMORANDUM OF UNDERSTANDING. SINCE THERE REMAIN SOME MINOR UNCERTAINTIES AS TO THE EXACT AMOUNT, THE BANK RECOMMENDED THAT CREDITORS BASE THEIR 1977/78 DEBT RELIEF ON THE FIGURE OF 58 PERCENT. ALL CREDITORS WITH THE EX-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 100919

CEPTION OF ITALY AND JAPAN AGREED TO 58 PERCENT. ITALIAN REP STATED GOI INTENTION TO FULFILL TERMS OF 1974 AGREEMENT BUT HAD NO INSTRUCTIONS REGARDING 58 PERCENT. JAPANESE DEL STATED GOJ WOULD ACCEPT 58 PERCENT ONLY IF ALL OTHER CREDITORS (INCLUDING ITALY) ALSO ACCEPTED.

3. IBRD CHAIRMAN STATED THAT BANK HAS NOT BEEN APPROACHED

BY PAKISTAN TO DISCUSS THE QUESTION OF ADDITIONAL DEBT RELIEF FOR THE PERIOD IMMEDIATELY FOLLOWING EXPIRATION OF CURRENT FOUR-YEAR AGREEMENT. (THE 6/28/74 AGREEMENT COVERS THE PERIOD 7/1/74 THROUGH 6/30/78.) IF ISSUE IS RAISED BY GOP IN FUTURE, CHAIRMAN STERNS SAID HIS INCLINATION WAS TO STATE THAT IBRD COULD NOT TAKE UP MATTER UNTIL THERE HAD BEEN SIGNIFICANT CHANGES IN PAKISTAN'S ECONOMIC POLICIES, AND UNTIL PAKISTAN HAD REACHED AN UNDERSTANDING WITH OPEC NATIONS (MAINLY IRAN) ON PAKISTAN'S GROWING DEBT SERVICE TO OPEC. THERE WAS A STRONG CONSENSUS INCLUDING U.S. AGREEING WITH STERN'S POSITION WITH ONLY SWEDISH DEL NOTING THAT HE THOUGHT A NEW DEBT RELIEF ARRANGEMENT WOULD BE ADVISABLE.

4. USG IS SERIOUSLY CONCERNED AT PAKISTAN'S DEBT SITUATION AS OUTLINED BOTH BY EMBASSY (IN A-173) AND WORLD BANK. WE BELIEVE EMPHASIS BY GOP SHOULD NOW BE GEARED TO IMPROVE DEBT MANAGEMENT WITH A VIEW TO AVOIDING NEED FOR ANY FUTURE DEBT RELIEF. IN THIS CONTEXT, WE JUDGE GOP WILLINGNESS TO CURB NON-CONCESSIONAL BORROWINGS WILL BE CRITICAL.

VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT BANKS, CONSORTIUMS, MEETINGS, GOVERNMENT DEBTS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE100919
Document Source: CORE
Document Unique ID: 00
Drafter: B G CROWE
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770156-0940
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770594/aaaaddgl.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9a4b8c9a-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 21-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2641561
Secure: OPEN
Status: NATIVE
Subject: PAKISTAN CONSORTIUM AND THE DEBT ISSUE
TAGS: EFIN, PK, IBRD, PAKISTAN CONSORTIUM
To: ISLAMABAD
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9a4b8c9a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009